



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 31, 2005

### **H.R. 804**

#### **A bill to exclude from consideration as income certain payments under the national flood insurance program**

*As ordered reported by the House Committee on Financial Services on March 16, 2005*

If H.R. 804 were enacted, payments made under the National Flood Insurance Program for flood mitigation activities would not be counted as income or resources when determining eligibility for any federal means-tested program. The Federal Emergency Management Agency (FEMA) awards grants to states and communities, which in turn distribute funds to individuals and businesses, for activities that reduce the risk of repetitive flood damage to buildings. Data from FEMA show that the average approved award is about \$53,000.

CBO expects that enacting this bill would increase the number of persons eligible for Food Stamp and Medicaid benefits. Currently, flood mitigation grants are counted as income or resources by these programs and make some people ineligible for benefits or reduce the amount of their benefit. CBO estimates that spending for these programs together would increase by about \$1 million a year and \$10 million over the 2006-2015 period. Enacting the bill would not affect revenues.

H.R. 804 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The increase in the number of people eligible for Medicaid benefits would result in additional spending by states totaling about \$4 million over the 2006-2015 period.

The CBO staff contacts for this estimate are Kathleen FitzGerald (for federal costs), Leo Lex (for the impact on state, local, and tribal governments), and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.